

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-08 AID-05 CIAE-00 INR-10
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R 270351Z APR 78
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC 7737
INFO AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY LONDON
AMEMBASSY MUSCAT
AMEMBASSY TEHRAN

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C O R R E C T E D C O P Y (E.O., TAGS, SUBJECT LINE ADDED)

E.O. 11652: N/A
TAGS: EFIN, TC
SUBJ: UAE BUDGET APPROVAL FOR 1978

REF: ABU DHABI A-62 OCTOBER 2, 1977

1. THIS WEEK UAE PRESIDENT, SHAIKH ZAYID, APPROVED A 10.5 BILLION DIRHAM 1978 BUDGET FOR THE UAE. (3.87 DIRHAMS QEQUAL ONE DOLLAR). THE TOTAL BUDGET IS LESS THAN LAST YEAR'S 13.5 BILLION DIRHAM FIGURE. HOWEVER, THIS YEAR'S BUDGET DOES NOT INCLUDE FOREIGN AID ALLOCATIONS WHICH ACCOUNTED FOR 3.8 BILLION DIRHAMS IN LAST YEAR'S BUDGET. CONSIDERING BOTH BUDGETS NET OF FOREIGN AID, THIS YEAR'S BUDGET SHOWS A 12 PERCENT INCREASE OVER LAST YEAR'S 9.4 BILLION DIRHAMS ALLOCATION.

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2. THE 1978 BUDGET ALLOCATES 7.6 BILLION DIRHAMS FOR CURRENT EXPENSES (IN WHICH THE UAE LEXICON INCLUDES DEFENSE EXPENDITURES AMOUNTING TO 3 BILLION DIRHAMS) THIS REPRESENTS AN INCREASE OF 27 PERCENT OVER THE COMPARABLE 1977 FIGURE OF 6 BILLION DIRHAMS. PROJECT INVESTMENTS ARE SCHEDULED TO RISE FROM 1.4 BILLION DIRHAM TO 1.6 BILLION. CAPITAL PARTICIPATION IN REGIONAL ECONOMIC ORGANIZATIONS IS SLATED TO DECLINE

FROM 1.9 TO 1.3 BILLION DIRHAMS IN 1978. THE SIGNIFICANT INCREASE IN CURRENT EXPENDITURES IS DUE PRINCIPALLY TO THE CONSIDERABLE RISES IN SALARIES AND ALLOWANCES GIVEN TO THE UAE'S 27,000 CIVIL SERVICE EMPLOYEES DURING THE LAST YEAR. RISES IN DEFENSE ALLOCATIONS ALSO ACCOUNT FOR 440 MILLION DIRHAMS OF THE CURRENT EXPENDITURE INCREASE.

3. COMMENT - THE APPROVAL IN APRIL OF A BUDGET FOR 1978 PRESAGES BETTER GOVERNMENT FINANCIAL ADMINISTRATION DURING 1978 (1977 BUDGET WAS APPROVED ONLY IN SEPTEMBER). AT FIRST GLANCE THE MOST NOTE-WORTHY ELEMENT IN THE NEW BUDGET IS THE ABSENCE OF FOREIGN AID ALLOCATIONS. LAST YEAR'S BRINGING FOREIGN AID INTO THE FEDERAL AMBIT WAS WIDELY CONSIDERED AS A SIGN OF GROWING FEDERALISM, OR AT LEAST OF COORDINATION AMONG THE EMIRATES. ITS

ABSENCE THIS YEAR MUST SURELY BE COUNTED AS, AT LEAST, A SMALL STEP BACKWARDS. THE LACK OF ANY PUBLICITY GIVEN TO THE SOURCE OF REVENUE FOR THE BUDGET SUGGESTS THAT THE CONTINUING CONTROVERSY WHICH HAS SURROUNDED THE ISSUE OF DIFFERENT EMIRATES CONTRIBUTIONS TO THE BUDGET HAS NOT BEEN RESOLVED. WE CAN EXPECT THAT ABU DHABI WILL CONTINUE TO BEAR WELL OVER 90 PERCENT OF THE BURDEN.

DICKMAN

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Message Attributes

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